



Norman H. Bangerter
Governor

Dee C. Hansen
Executive Director

Dianne R. Nielson, Ph.D.
Division Director

State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340

November 24, 1992

Mr. Terry Tilley
Plant Superintendent
American Gilsonite Company
Bonanza, Utah 84008

Dear Mr. Tilley:

Re: Reformatted Notice of Intention to Conduct Large Mining Operations,
American Gilsonite Company (AGC), Bonanza Operations, M/047/010,
Uintah County, Utah

The Division has reviewed your reformatted Notice of Intention to Conduct Large Mining Operations received August 11, 1992. The general content and organization of the Notice is satisfactory and will not be treated as a new or revised Notice requiring formal review and public notice. Any future amendments or revisions proposed by AGC should be formatted in a manner consistent with the August 11, 1992 Notice. In addition, a revised page 4a, "Mining and Reclamation Schedule" should be submitted on an annual basis.

One problem with this reformatted version of the Notice is the reclamation seed mix. At one time, AGC was to implement test plots and base the seed mix on the results of those test plots. As of this date, a particular seed mix based upon test plots was never formally agreed upon between AGC and the Division. It is believed that the test plots were not implemented as originally planned. From our telephone discussions, it was felt that AGC would not have a problem adopting a new seed mix recommended by the Division. The Division recommends that the seed mix which was attached to the Division's September 11, 1992 letter, be formally included as part of the Notice. A supplemental copy of this seed mix recommendation is enclosed for your review.

The Division has received and reviewed the information clarifying the conflicting number of mine sites and disturbed acreages described on pages 4a, 4b, 4 and 10g, of the Notice. This information has been used to finalize the reclamation surety estimate (copy enclosed). The Division's surety estimate is

Page 2
Mr. Terry Tilley
M/047/010
November 24, 1992

\$299,500 in 1998 dollars. This figure does not differ greatly from AGC's estimate after escalation is added in. The Division recognizes that site I-30 is currently bonded with State Lands (ML 31934) and the estimate has been reduced by the costs for reclamation of one typical site with equipment. Since it is doubtful that the surety can be finalized prior to January 1, 1993, the dollar amount will be listed in terms of 1998 dollars.

At your earliest convenience, please provide a written response regarding acceptance of the recommended seed mix as part of the Notice and acceptance of the surety estimate. After the surety estimate is finalized we can begin working on the Reclamation Contract, Surety Form, and their associated attachments/exhibits. Please inform the Division what form of surety AGC proposes to post, so we may send you the appropriate paperwork. In order to present this matter before the next meeting of the Board of Oil, Gas and Mining, the Division would need to receive the Reclamation Contract and Surety in their final form by January 8, 1993.

We appreciate your cooperation and effort in completing this permitting action. If you have any questions in this regard please contact me or Wayne Hedberg.

Sincerely



Anthony A. Gallegos
Reclamation Engineer

jb
Enclosures
cc: Oliver Gushee, Pruitt, Gushee & Bachtell
John Blake, State Lands
M47-01OK.LET

Recommended Species List
for
American Gilsonite
Bonanza Mine

M/047/010

Prepared by DOGM September 14, 1992

| <u>Common Name</u> | <u>Species Name</u> | <u>*Rate lbs/ac (PLS)</u> |
|----------------------|-------------------------|---------------------------|
| Grasses: | | |
| Western Wheatgrass | Agropyron Smithii | 3 |
| Bluebunch Wheatgrass | Agropyron Spicatum | 3 |
| Russian Wildrye | Elymus junceus | 3 |
| Indian Ricegrass | Oryzopsis hymenoides | 2 |
| Forbs: | | |
| Yellow Sweet Clover | Melilotus officinalis | 1 |
| Nomad Alfalfa | Medicago sativa | 1 |
| Shrubs: | | |
| Saltbush | Atriplex canescens | 1 |
| Winterfat | Eurotia lanata | 1 |
| Rabbitbrush | Chrysothamnus nauseosus | 1 |
| Total | | 16 lbs/ac |

*This the recommended broadcast ratio. If the species are to be drill seeded, reduce the broadcast rate by 1/3.

RECLAMATION ESTIMATE REVISION

M47-10NE.WQ1

American Gilsonite Company (AGC)

page 1 of 3

Reformatted Mine Permit received 8/11/92

Uintah County

M/047/010

last revision

11/24/92

Prepared by Utah State Division of Oil, Gas & Mining

Reclamation Details

- This estimate is based on AGC's reformatted mine permit received Aug. 11, 1992
- Reclamation of all mine sites & facilities is included in this estimate
- Revised pages 4a & 4b list 35 mine sites with 1 site reclaimed, 2 sites are one-half acre
- ASSUME: 23 sites w/equip, 2 sites w/out equip, 8 sites reseeding only
- Sites without equipment involve reclaiming & reseeding activities only
- No post-mining use of structures was assumed, reclamation involves total removal/demolition of all structures
- Disturbed acreage = 33 minesites, 43 roads, 31.2 facilities => 107.2
- Site I-30 is bonded with State Lands, ML31934

| Description | # Units | \$/Unit | Cost(\$) |
|--|---------|---------|----------|
| Reclamation Per Mine Site | | | |
| Dismantling - crane | 4 hr | 98 | 392 |
| Dismantling - crane operator | 4 hr | 22 | 88 |
| Dismantling - laborers | 16 hr | 17 | 272 |
| Dismantling - dozer | 4 hr | 101 | 404 |
| Dismantling - dozer operator | 4 hr | 22 | 88 |
| Shaft capping - laborer | 16 hr | 17 | 272 |
| Shaft capping - supplies, materials | 1 ea | 600 | 600 |
| Reclaiming - dozer | 4 hr | 101 | 404 |
| Reclaiming - dozer operator | 4 hr | 22 | 88 |
| Reseeding - mtl's: seed/mulch/fertilizer | 1 acre | 223 | 223 |
| Reseeding - apply mulch & fertilizer | 1 acre | 45 | 45 |
| Reseeding - tractor & seed drill | 2 hr | 48 | 96 |
| Reseeding - tractor operator | 2 hr | 17 | 34 |
| Subtotal per mine site | | | 3,006 |

*23 sites minus 1 State Lands

| | | | |
|---------------------------|------|-------|--------|
| 23 sites with equipment | 22 * | 3,006 | 66,132 |
| 2 sites without equipment | 2 | 890 | 1,780 |
| 8 sites reseeding only | 8 | 398 | 3,184 |
| SUBTOTAL - ALL MINE SITES | | | 71,096 |

RECLAMATION ESTIMATE REVISION
American Gilsonite Company (AGC)
Reformatted Mine Permit received 8/11/92
M/047/010

page 2 of 3
Uintah County

last revision

11/24/92

| OPERATIONAL FACILITIES | \$/Unit | | # Units | Cost(\$) |
|---------------------------------|--------------|--|---------|----------|
| Ten laborers | 170 \$/day | | 42 | 7,140 |
| Two dozers | 1,616 \$/day | | 21 | 33,936 |
| Two dozer operators | 44 \$/day | | 21 | 924 |
| One crane | 784 \$/day | | 42 | 32,928 |
| One crane operator | 176 \$/day | | 42 | 7,392 |
| Two tractor trailers | 10,000 \$/mo | | 2 | 20,000 |
| Two tractor trailer operators | 352 \$/day | | 42 | 14,784 |
| One FE loader | 320 \$/day | | 42 | 13,440 |
| One FE loader operator | 176 \$/day | | 42 | 7,392 |
| Seed, mulch, fertilizer | 223 \$/acre | | 24.6 | 5,486 |
| Applying mulch & fertilizer | 45 \$/acre | | 24.6 | 1,107 |
| One farm tractor & seed drill | 384 \$/day | | 2 | 768 |
| One tractor operator | 136 \$/day | | 2 | 272 |
| Subtotal operational facilities | | | | 145,569 |

| ROADS | | | | |
|-------------------------------|-------------|--|----|--------|
| Motor grader | 720 \$/day | | 3 | 2,160 |
| Motor grader operator | 176 \$/day | | 3 | 528 |
| Seed, mulch, fertilizer | 223 \$/acre | | 43 | 9,589 |
| Applying mulch & fertilizer | 45 \$/acre | | 43 | 1,935 |
| One farm tractor & seed drill | 384 \$/day | | 2 | 768 |
| One tractor operator | 176 \$/day | | 2 | 352 |
| Subtotal roads | | | | 15,332 |

| STORAGE PONDS, PADS, RESERVOIRS | | | | |
|---------------------------------|-------------|--|-----|-------|
| One dozer | 808 \$/day | | 6 | 4,848 |
| One dozer operator | 176 \$/day | | 6 | 1,056 |
| Seed, mulch, fertilizer | 223 \$/acre | | 4.3 | 959 |
| Applying mulch & fertilizer | 45 \$/acre | | 4.3 | 194 |
| One farm tractor & seed drill | 384 \$/day | | 2 | 768 |
| Subtotal ponds, pads reservoirs | | | | 7,824 |

RECLAMATION ESTIMATE REVISION
 American Gilsonite Company (AGC)
 Reformatted Mine Permit received 8/11/92
 M/047/010

page 3 of 3
 Uintah County

last revision 11/24/92

| RESIDENTIAL AREA | \$/Unit | # Units | Cost(\$) |
|-------------------------------|-------------|---------|----------|
| One Dozer | 808 \$/day | 5 | 4,040 |
| One dozer operator | 176 \$/day | 5 | 880 |
| One FE loader | 320 \$/day | 5 | 1,600 |
| One FE loader operator | 176 \$/day | 5 | 880 |
| One tractor trailer | 400 \$/day | 2 | 800 |
| One tractor trailer operator | 176 \$/day | 2 | 352 |
| Ten laborers | 170 \$/day | 12 | 2,040 |
| Seed, mulch, fertilizer | 223 \$/acre | 2.3 | 513 |
| Applying mulch & fertilizer | 45 \$/acre | 2.3 | 103 |
| One farm tractor & seed drill | 384 \$/day | 1 | 384 |
| One farm tractor operator | 176 \$/day | 1 | 176 |
| Subtotal residential area | | | 11,768 |

| RECLAMATION SUMMARY | |
|-----------------------------------|---------|
| ACTIVE MINE SITES | 66,132 |
| MINE SITES WITHOUT EQUIPMENT | 1,780 |
| MINE SITES NEEDING RESEEDING ONLY | 3,184 |
| OPERATIONAL FACILITIES | 145,569 |
| ROADS | 15,332 |
| STORAGE PONDS, PADS & RESERVOIRS | 7,824 |
| RESIDENTIAL AREA | 11,768 |
| MOBILIZATION (4 PIECES) | 4,000 |
| SUBTOTAL | 255,590 |
| + 10% CONTINGENCY | 25,559 |
| SUBTOTAL | 281,149 |
| + 5 yr ESCALATION(1.27%) | 18,312 |
| TOTAL | 299,461 |

Average cost per acre = ROUNDED TOTAL IN 1998-\$ 299,500
 2,794 \$/acre